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8 *Carlos George*

9 UNITED STATES DISTRICT COURT  
10 FOR THE CENTRAL DISTRICT OF CALIFORNIA

11 CARLOS GEORGE,

12 Plaintiff,

13 vs.

14 RAMON GOVEA,

15 Defendant.

) Case:

) COMPLAINT FOR:

- 16 ) 1. VIOLATION OF SECURITIES  
17 ) EXCHANGE ACT OF 1934 (15  
18 ) U.S.C. § 78j & RULE 10b-5);  
19 ) 2. FRAUD (INTENTIONAL  
20 ) MISREPRESENTATION);  
21 ) 3. VIOLATION OF  
22 ) CALIFORNIA  
23 ) CORPORATIONS CODE §  
24 ) 25401;  
25 ) 4. UNFAIR BUSINESS  
26 ) PRACTICES (Cal. Bus. & Prof.  
27 ) Code § 17200); AND  
28 ) 5. UNFAIR BUSINESS  
PRACTICES (Cal. Bus. & Prof.  
Code § 17200); and  
6. NEGLIGENT  
MISREPRESENTATION

25 Plaintiff, *Carlos George* ("Plaintiff"), by and through his undersigned counsel,  
26 alleges against *Ramon Govea* ("Defendant(s)") as follows:  
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**I. JURISDICTION AND VENUE**

1. This Court has subject matter jurisdiction under 28 U.S.C. § 1331 (federal question) and 15 U.S.C. § 78a (securities fraud).

2. The Court has supplemental jurisdiction over the state law claims under 28 U.S.C. § 1367.

3. Venue is proper under 28 U.S.C. § 1391(b) as Defendant conducted business and committed fraudulent acts within the Central District of California.

4. The Court has personal jurisdiction over Defendant as he transacted business and engaged in fraudulent activity affecting individuals in California.

**II. PARTIES**

5. Plaintiff Carlos George, an individual residing in the City of Sunland, County of Los Angeles, California, is a victim of an investment fraud scheme perpetrated by Defendant.

6. Defendant Ramon Govea is an individual located in Coral Springs, Florida, who engaged in fraudulent investment solicitation through email communications.

**III. FACTUAL ALLEGATIONS**

7. Beginning in September 2021, Defendant contacted Plaintiff via email with an alleged investment opportunity promising high returns investing in Non-Fungible Tokens (“NFT(s)”) with him.

8. Specifically, Defendant entered into a loan with Plaintiff where Plaintiff gave Defendant \$100,000.00 in exchange for \$120,000.00 return in only six months. This loan was secured by a non-fungible token, known as Bored Ape Yacht Club (“BAYC”).

9. At the six month period, Defendant paid out to Plaintiff his promised \$120,000.

1 10. In order to gain further confidence, Defendant informed Plaintiff that  
2 the BAYC NFT he invested in was now worth \$136,000.

3 11. Defendant further represented himself as an expert in NFT's, informing  
4 Plaintiff of millions of dollars in his NFT holdings to gain Plaintiff's trust in  
5 allowing him to manage his money in exchange for a twenty percent (20%) share of  
6 the profits.

7 12. Defendant provided this misleading valuation to induce Plaintiff's  
8 confidence.

9 13. Relying on Defendants' representations of being a "savvy investor in  
10 cryptocurrencies and NFTs," Plaintiff transferred \$35,352.55 to Defendant in  
11 cryptocurrency over the period of January 23, 2022 through February 4, 2022.

12 14. On or about October 7, 2024, Plaintiff requested an update about the  
13 investment of the cryptocurrency given to Defendant to manage.

14 15. After receiving the email, Defendant began making up excuses why he could  
15 not account for Plaintiff's money.

16 16. Defendant continued, and continues to refuse to account for any of Plaintiff's  
17 money and/or return any portion of the principal investment or profits, and  
18 subsequently cut off communication.

19 **IV. CAUSES OF ACTION**

20 **FIRST CAUSE OF ACTION**

21 **VIOLATION OF SECURITIES EXCHANGE ACT OF 1934**

22 **(15 U.S.C. § 78j & RULE 10b-5)**

23 17. Plaintiff hereby re-alleges and incorporates Paragraph 1 - 16 inclusive, as  
24 though fully set forth herein.

25 18. Defendant, directly and indirectly, by use of the means and instrumentalities  
26 of interstate commerce and the mails, and in connection with the purchase and sale of  
27 securities, employed devices, schemes, and artifices to defraud, made untrue  
28 statements of material facts and omitted to state material facts necessary in order to

1 make the statements made, in light of the circumstances under which they were  
2 made, not misleading, and engaged in acts, practices, and courses of business which  
3 operated as a fraud and deceit upon Plaintiff, in violation of Section 10(b) of the  
4 Exchange Act (15 U.S.C. § 78j(b)) and Rule 10b-5 (17 C.F.R. § 240.10b-5).

5 19. The NFTs offered and sold by Defendant to manage were investment  
6 contracts and therefore securities under the meaning of the Exchange Act and  
7 established U.S. Supreme Court precedent, including *SEC v. W.J. Howey Co.*, 328  
8 U.S. 293 (1946). Specifically, the purchase of the NFTs involved:

- 9 (a) an investment of money;
- 10 (b) in a common enterprise;
- 11 (c) with a reasonable expectation of profits;
- 12 (d) to be derived from the efforts of others, namely the Defendants'  
13 development, promotion, and management of the NFT project.

14 20. Defendant knowingly and willfully made material misstatements and  
15 omissions in the course of offering and selling the NFTs to Plaintiff and the public,  
16 including but not limited to:

- 17 a. Promoting the NFTs as scarce and appreciating assets while secretly  
18 diverting or reserving additional NFTs for insiders or resale;
  - 19 b. Claiming that the NFT project would deliver ongoing functionality or  
20 utility, while having no intent or capacity to deliver such outcomes;
  - 21 c. Representing that the NFTs were part of a vibrant and growing market  
22 while engaging in manipulative practices to inflate perceived demand  
23 and value;
  - 24 d. Failing to disclose insider sales or that Defendant was actively  
25 offloading NFTs or associated tokens while making bullish statements  
26 about the project's future.
- 27  
28

1 21. Defendant made these false and misleading statements and omissions with  
2 scienter—that is, with the intent to deceive, manipulate, or defraud Plaintiff and other  
3 purchasers of the NFTs, or with reckless disregard for the truth.

4 22. Plaintiff reasonably relied on Defendants' material misrepresentations and  
5 omissions in deciding to purchase the NFTs, believing them to be legitimate  
6 investments in a functioning and future-facing digital ecosystem.

7 23. As a direct and proximate result of Defendants' fraudulent conduct, Plaintiff  
8 has suffered damages in an amount to be determined at trial, including but not  
9 limited to the loss in value of the NFTs, loss of use of invested funds, and related  
10 costs.

11 24. Plaintiff is entitled to all relief available under the Securities Exchange Act of  
12 1934, including but not limited to rescission, restitution, actual and compensatory  
13 damages, interest, attorneys' fees, and such other relief as the Court deems just and  
14 proper.

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16 **SECOND CAUSE OF ACTION**

17 **FRAUD**

18 **(INTENTIONAL MISREPRESENTATION)**

19 25. Plaintiff hereby re-alleges and incorporates Paragraph 1 - 24 inclusive, as  
20 though fully set forth herein.

21 26. In or around October 2021, to induce Plaintiff to trust Defendant, Govea  
22 entered into a business loan agreement with Plaintiff, whereby Plaintiff lent  
23 Defendant Govea \$100,000.00.

24 27. The terms of the loan gave Plaintiff a return of \$120,000 in only six-months.

25 28. The loan was secured with a Bored Ape Yacht Club NFT which Govea  
26 initially valued at \$114,000. While Plaintiff was still contemplating the transaction,  
27 Govea told Plaintiff the value of the NFT has risen to \$136,000, and that his personal  
28 NFT holdings were valued at \$1.5 million.

1 29. With Govea's updates of increased value, Plaintiff loaned Govea the  
2 \$100,000 he desired.

3 30. When the loan became due and payable in six months Govea paid Plaintiff  
4 his promised \$120,000.00.

5 31. In January 2022, after the loan was complete, Govea told Plaintiff that he  
6 would manage Plaintiff's money in NFT's, with the agreement that Govea would  
7 receive 20% of the profits.

8 32. In response, Plaintiff entrusted Govea transferred crypto currency in  
9 Ethereum valued at USD \$35,352.55.

10 33. Although Plaintiff did not receive any reports or updates on the monies that  
11 he gave Gove to manage for him, he trusted his investments with him in light of  
12 Govea's self-proclaimed experience and success.

13 34. On October 7, 2024, Plaintiff asked Govea about the current status of the  
14 NFT's he entrusted to him to manage.

15 35. Govea responded promptly to Plaintiff and informed Plaintiff that he  
16 would be happy to involve an auditor to calculate the current value of the remaining  
17 and the value of any sold assets.

18 36. Govea further stated that he could have the audit completed within 15  
19 business days and the value sent to him within 30-40 business days of the completion  
20 of the audit.

21 37. On October 9, 2024, Plaintiff asked Govea to forward the current  
22 location(s) of the NFT's he purportedly was managing for him. Plaintiff further  
23 questioned the necessity of retaining an auditor as he thought they were just looking  
24 at NFT valuation for Plaintiff's personal use which shouldn't be a complex business  
25 matter which shouldn't necessitate a formal audit.

26 38. Plaintiff further questioned why, once a transaction to his wallet is  
27 initiated, he shouldn't see the funds in within minutes or up to an hour at most.

28 39. Plaintiff received no response from Govea to his email.

1 40. On October 16, 2024, Plaintiff again emailed Govea requesting the  
2 information and status.

3 41. On October 18, 2024, Govea responded to Plaintiff's email stating that  
4 he would respond with answers by October 22, 2024.

5 42. Plaintiff received no response from Govea as was promised.

6 43. Plaintiff emailed Govea again on December 27, 2024 requesting  
7 information. Plaintiff, once again, received no response from Govea.

8 44. At this point it became clear to Plaintiff that Govea had taken his funds  
9 and used them for his own personal use and not to invest and manage for Plaintiff as  
10 Govea had represented.

11 45. Govea induced Plaintiff to believe he intended to manage his funds for  
12 him and invest in NFT's, with the intent to deceive Plaintiff.

13 46. Plaintiff, at the time he gave Govea his money to invest in NFT's,  
14 believed Govea would manage his money in NFT tokens and did not know that  
15 Govea had no intention of doing so.

16 47. Plaintiff's reliance on Govea's intention to manage his money in NFT  
17 tokens were reasonable in light of the fact that Govea had successfully completed a  
18 previous agreement with him, and represented to Plaintiff that he knew the custom  
19 and practice of such businesses.

20 48. In reliance on Govea's representations, Plaintiff transferred crypto  
21 currency in Ethereum valued at USD \$35,352.55, to Govea to manage for  
22 investments in NFT's.

23 49. There was no way Plaintiff could know Govea's secret intention to not  
24 honor his promises and obligations.

25 50. Through Govea's actions when Plaintiff pressed Govea for details of his  
26 investments, it was learned that Govea's representations to Plaintiff was false.

27 51. The true facts are that Govea actually used Plaintiff's money not to  
28 manage NFT investments, but for his own personal interests.

1        52.        When Govea made his statements to Plaintiff in January 2022, Govea  
2 was aware at all times money he had received from Plaintiff were to be invested and  
3 managed for Plaintiff, and not for Govea's personal use without his knowledge.

4        53.        Govea intended that Plaintiff rely on his representation that he would  
5 invest and manage Plaintiff's money.

6        54.        Plaintiff reasonably, justifiably, and in good faith, relied on Govea's  
7 representation that he manage his money and further provide accurate accountings to  
8 him when requested. Plaintiff did not have any reason to know, and had no reason to  
9 question the truthfulness or accuracy of Govea's representation.

10       55.        The reliance on Govea's false representation was a substantial factor in  
11 causing harm to the Plaintiff. If Plaintiff had any reason to believe that Govea's  
12 representations were false, he would have acted in a more timely manner to ensure  
13 this payments were accounted for and returned to him.

14       56.        Govea's false representation was not discovered until December 27,  
15 2024, wherein Govea, failed to respond any further to Plaintiff's inquiries in hopes  
16 that Plaintiff would go away.

17       57.        As a direct and proximate result of the acts of Govea described above,  
18 Plaintiff has been damaged in an amount to be determined according to proof,  
19 including, but not limited to money given to Plaintiff.

20       58.        Plaintiff has also been damaged in an amount to be determined  
21 according to proof, representing any royalties owed to him stemming from any  
22 NFT's that Govea may have purchased with his money.

23       59.        Plaintiff is further entitled to the imposition of a constructive trust on  
24 any funds that Ramon Govea has recovered or will recover from other third parties,  
25 including, but not limited, to disgorgement of profits and a tracing with respect to  
26 any profits realized by Defendant as a result of such conduct.

27       60.        In performing the acts alleged herein, Defendant willfully, oppressively,  
28 fraudulently and maliciously acted, with conscious disregard of the rights of, and



1 with the intent to cause injury to Plaintiff thereby warranting the imposition of  
2 punitive damages.

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4 **THIRD CAUSE OF ACTION**

5 **VIOLATION OF CALIFORNIA CORPORATIONS CODE § 25401**

6 61. Plaintiff hereby re-alleges and incorporates Paragraph 1 - 60 inclusive,  
7 as though fully set forth herein.

8 62. At all relevant times, Defendant offered and sold securities to Plaintiff  
9 within the meaning of California Corporations Code § 25019. Specifically,  
10 Defendants solicited Plaintiff to invest funds in purported opportunities involving the  
11 purchase, management, and resale of non-fungible tokens (“NFTs”) using  
12 cryptocurrency assets. These investment interests constituted "investment contracts"  
13 and thus “securities” under California law.

14 63. Pursuant to California Corporations Code § 25401, it is unlawful for any  
15 person to offer or sell a security in this state by means of any written or oral  
16 communication that includes an untrue statement of a material fact or omits to state a  
17 material fact necessary to make the statements made, in light of the circumstances  
18 under which they were made, not misleading.

19 64. In connection with the offer and sale of the securities described herein,  
20 Defendant made untrue statements of material fact and/or omitted to disclose  
21 material facts, including but not limited to the following:

- 22 a. Falsely representing that Defendant was an experienced cryptocurrency  
23 managers with a successful track record of managing NFT-related  
24 investments;  
25 b. Falsely representing that the Plaintiff’s funds would be used exclusively  
26 for purchasing NFTs through specified platforms;  
27 c. Failing to disclose that Defendant had no verifiable credentials or  
28 institutional backing in crypto asset management;

- 1 d. Failing to disclose that the funds would be diverted or misused for  
2 personal expenditures or unrelated ventures;  
3 e. Falsely representing the safety and profitability of the investment.

4 65. Plaintiff reasonably relied on these representations in deciding to invest  
5 \$35,352.55 in cryptocurrency under Defendants' management.

6 66. As a direct and proximate result of Defendants' violations of  
7 Corporations Code § 25401, Plaintiff has suffered damages in an amount to be  
8 proven at trial, including the loss of the investment and anticipated gains.

9 67. Pursuant to California Corporations Code § 25501, Defendant is liable  
10 to Plaintiff for rescission or damages, including interest at the legal rate, and  
11 reasonable attorneys' fees and costs.

12 68. Defendant acted with fraud, oppression, and malice, and therefore  
13 Plaintiff also seeks punitive damages as allowed by law.

14 69. Plaintiff is informed and believes, and on that basis alleges, that unless  
15 enjoined, Defendant will continue to dissipate, conceal, or transfer the  
16 cryptocurrency assets obtained from Plaintiff and other investors through the use of  
17 various digital wallets and cryptocurrency exchanges.

18 70. Accordingly, Plaintiff seeks preliminary and permanent injunctive relief  
19 restraining Defendant and all persons acting in concert with him from transferring,  
20 selling, converting, or otherwise disposing of cryptocurrency or other digital assets  
21 held by him in any wallet or account reasonably believed to be controlled by or  
22 associated with Defendant.

23 71. Plaintiff further seeks an order directing Defendants to disclose all  
24 current wallet addresses, exchange accounts, and the locations of all cryptocurrency  
25 and NFT assets derived from investor funds.

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**FOURTH CAUSE OF ACTION**

**UNFAIR BUSINESS PRACTICES (Cal. Bus. & Prof. Code § 17200)**

72. Plaintiff hereby re-alleges and incorporates Paragraph 1 - 71 inclusive, as though fully set forth herein.

73. California Business and Professions Code §§ 17200 et seq. (“UCL”) prohibits unlawful, unfair, and fraudulent business acts and practices.

74. Defendants’ conduct, as alleged herein, constitutes unlawful, unfair, and fraudulent business practices within the meaning of Business and Professions Code § 17200, including but not limited to:

- a. Engaging in the unlawful offer and sale of securities by means of material misrepresentations and omissions, in violation of California Corporations Code § 25401;
- b. Fraudulently inducing Plaintiff to invest in a cryptocurrency-based NFT investment scheme under false pretenses;
- c. Misappropriating investor funds for undisclosed personal or unauthorized uses;
- d. Failing to disclose the true qualifications and credentials (or lack thereof) of Defendant as an investment manager;
- e. Omitting material facts necessary to make the investment representations not misleading.

75. Each of the above acts constitutes a separate and independent violation of the UCL. The conduct was unlawful in that it violated California securities laws (Corp. Code § 25401), fraudulent in that it deceived Plaintiff and other potential investors, and unfair in that it offends established public policy and harms consumers without any countervailing benefit.

76. As a direct and proximate result of Defendants’ unlawful, unfair, and fraudulent business practices, Plaintiff has suffered actual injury in fact and economic loss, including the misappropriation and loss of invested funds.

1 77. Pursuant to Business and Professions Code §§ 17203 and 17204,  
2 Plaintiff seeks an order of restitution for all money wrongfully obtained by  
3 Defendant from Plaintiff, and any other relief deemed proper by the Court.

4 78. Plaintiff also seeks an order enjoining Defendants from continuing to  
5 engage in the unlawful, unfair, and fraudulent business practices described herein,  
6 including but not limited to a temporary restraining order and/or preliminary  
7 injunction freezing cryptocurrency wallets and requiring Defendant to provide a full  
8 accounting of all digital assets obtained through his NFT investment scheme.

9 **FIFTH CAUSE OF ACTION**

10 **NEGLIGENT MISREPRESENTATION**

11 79. Plaintiff hereby re-alleges and incorporates Paragraph 1 - 78 inclusive,  
12 as though fully set forth herein.

13 80. Defendant, made representations to Plaintiff regarding his experience  
14 and qualifications in managing cryptocurrency investments, the nature of the NFT  
15 investment strategy, the use of Plaintiff's funds, and the expected returns.

16 81. These representations included, but were not limited to:

- 17 a. That Defendant was experienced and successful in cryptocurrency and  
18 NFT investment management;  
19 b. That Plaintiff's funds would be used exclusively to acquire NFTs on  
20 reputable platforms;  
21 c. That the investment was secure and would yield substantial profits; and  
22 d. That the Defendant had protocols in place to safeguard investor funds.

23 82. Defendant made these representations without reasonable grounds for  
24 believing them to be true, and in fact, they were false when made. Defendants  
25 lacked the experience, infrastructure, and intent to manage the investments as  
26 represented.  
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83. Defendants made these misrepresentations in the course of a business transaction with Plaintiff, intending that Plaintiff rely on them in deciding to invest funds in the NFT scheme.

84. Plaintiff reasonably relied on Defendants' representations in deciding to invest \$35,352.55 in cryptocurrency to be managed by Defendant for NFT investments.

85. As a direct and proximate result of Defendants' negligent misrepresentations, Plaintiff has suffered actual damages, including the loss of investment capital and expected returns, in an amount to be proven at trial.

86. Plaintiff is also entitled to interest, costs of suit, and such other relief as the Court deems just and proper.

#### **V. PRAYER FOR RELIEF**

#### **DAMAGES AND RELIEF SOUGHT**

**WHEREFORE**, Plaintiff prays for judgment against Defendant(s) as follows:

- A. Compensatory Damages in an amount exceeding \$35,352.55, including lost principal and promised profits.
- B. Punitive Damages for willful and malicious fraudulent conduct.
- C. Rescission and Restitution of all investments made by Plaintiff.
- D. Prejudgment and Post-Judgment Interest as permitted by law.
- E. Attorneys' Fees and Costs pursuant to applicable law.
- F. Any further relief the Court deems just and proper.

Dated: June 2, 2025

/s/ Joseph R. Cruse, Jr.

Joseph R. Cruse, Jr.,  
Attorney for Plaintiff,  
Carlos George

**DEMAND FOR JURY TRIAL**

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiff hereby demands a trial by jury on all issues so triable.

DATED: June 2, 2025

/s/ Joseph R. Cruse, Jr.

Joseph R. Cruse, Jr.,  
Attorney for Plaintiff,  
Carlos George